

KING COUNTY, WASHINGTON
Special Audit
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. King County Officials Should Use The County Owned Executive Suite In The Kingdome In Accordance With King County Policy And Ordinances

King County officials have not been in compliance with established internal policies for use of the county owned executive suite at the Kingdome. We noted numerous exceptions which appear to violate the county's Ethics Ordinance 9704, codified as Chapter 3.04 of the King County Code (KCC).

Additionally, there is a verbal "quid pro quo" arrangement maintained between the stadium director and the stadium concessionaire, Ogden Food Service Corporation (Ogden). The arrangement allows Ogden officials the use of the county owned executive suite (Suite 28) in exchange for free catering services whenever the county's executive suite is used. We found no authority for this arrangement in the written contract between the county and the concessionaire.

King County Policy DP-FES-7-1-1 establishes policy and procedures for use of the county owned executive suite at the Kingdome. This policy defines the county's executive suite as that space which has been identified by the stadium director or his designee for usage in showcasing the facility for marketing purposes. This space was identified as Executive Suite 28.

Various sections of King County Policy DP-FES-7-1-1 and their specific requirements are outlined below:

- 6.1 The management of the Kingdome shall maintain an executive suite for all Kingdome events. The suite shall be used as a location to showcase the facility to prospective or existing Kingdome clients.
- 6.2 A member of the Kingdome Management Team must be present during any scheduled use of the suite. The suite shall be used for marketing and promotion of the Kingdome.
- 6.3 A schedule of usage of the suite shall be maintained by the Kingdome director, or his designee.
- 6.5 Arrangements for food and beverage service must be made at least two (2) days prior to any event. Ogden Entertainment Services, Inc., the stadium concessionaire, shall be responsible for any catering charges, unless arrangements have been made for the suite users to pay the charges. Catering costs attributable to Kingdome staff shall be paid by the Kingdome, upon receipt of a bill from

Ogden, pursuant to Ordinance 9704, the county's Ethics Ordinance.

- 6.6 A list of names of those expected to use the suite shall be given to the Kingdome director's confidentials secretary at least two (2) days prior to the event.
- 7.4 States in part: The suite users are responsible for any and all catering expenses, unless the stadium concessionaire is paying the catering charges.

We noted several incidents that appear to violate the county ethics code. The county's Ethics Ordinance, established pursuant to Ordinance 9704, is referred to in Section 6.5 of county executive suite use policy DP-FES-7-1-1, and is codified in Chapter 3.04 of the King County Code.

KCC 3.04.020 states in part:

- A. No county employee shall request or permit the use of county-owned vehicles, equipment, materials or property or the expenditure of county funds for personal convenience or profit. Use or expenditure is to be restricted to such services as are available to the public generally or for such employee in the conduct of official business.

KCC 3.04.030 state in part:

No county employee shall engage in any act which is in conflict with the performance of official duties. A county employee shall be deemed to have a conflict of interest if the employee directly or indirectly:

- B. Is beneficially interested, directly or indirectly, in any contract, sale, lease, option, or purchase that may be made by, through, or under the supervision of the employee, in whole or in part, or accepts, directly or indirectly, any compensation, gift or thing of value from any other person beneficially interested therein;
- C. Accepts or seeks for others, directly or indirectly, any employment, travel expense, service, information, compensation, gift or thing of value on more favorable terms than those granted to other county employees or the public generally, from any person, doing business, or seeking to do business with the county for which the employee has responsibility or with regard to which he or she may participate, provided that this subsection shall not apply to the receipt by elected officials, or by employees who are supervised directly by an elected officials, of meals, refreshments or transportation within the boundaries of King County when given in connection with meetings with constituents or meetings which are informational or ceremonial in nature;
- D. Accepts, directly or indirectly, any gift, favor, loan, retainer, entertainment, travel expense, compensation or other thing of value from any person doing business or seeking to do business with the county when such acceptance may conflict with the performance of the employee's official duties. A conflict shall

be deemed to exist where a reasonable and prudent person would believe that the gift, compensation, thing of value, or more favorable terms, was given for the purpose of obtaining special consideration or to influence county action.

Additionally, the King County Board of Ethics' advisory opinion 1048 issued March 23, 1992, addresses the receipt of complimentary tickets. This opinion concluded "Tickets to stadium events be they complimentary or not are 'things of value' and employees are therefor prohibited from receipt of such." All uses of the executive suite result in de facto receipt of complimentary tickets. This advisory opinion was addressed to the former stadium director. The King County Council, Stadium Management Team, and the Stadium Advisory Board all received copies of this opinion.

Specific dates involving questionable activities are outlined as follows:

March 23, 1993:

Executive Suites 27 and 28 were used during a basketball game as evidenced by guest receipts. King County and Ogden officials jointly hosted a function in these suites. Five individuals appear on the master list for suite usage. Four of these individuals are public officials. These five individuals requested a total of nineteen (19) tickets for that game. Other guests attending were not identified. The actual Ogden guest receipts indicate thirty (30) people were in attendance. Invitations to these individuals make no mention of any marketing activity. Guest receipts indicate Ogden provided \$940 worth of food and \$630 worth of alcohol and beverages. Guest receipts totaled \$1,570 for this event.

Ogden is listed on the advance order forms for Suite 27. Suite 27 is not a county owned suite and no rental revenue was received for its use. For basketball games the normal suite rental is \$2,000.00.

This situation appears to violate policy Section 6.1 relating to marketing to existing or prospective clients, Section 6.2 relating to using the suite for marketing, Section 6.5 relating to the stadium paying the costs of catering relating to Kingdome staff in attendance, and Section 6.6 relating to list of users expected to attend.

July 31, 1993:

Executive Suite 25 was used during a baseball game as evidenced by Ogden guest receipts. This usage was not documented on the master listing of executive suite usage maintained by the department's confidential secretary. Review of suite rental reconciliations shows no rental revenue was received for use of Executive Suite 25. The fee for renting a suite during a baseball game is normally \$700.00.

The guest receipt was signed by Naomi Sanchez, the spouse of the Kingdome director. The special event service form and the food service billing also included the name of Mrs. Sanchez's employer. The total bill amounted to \$583.89. This was crossed out and "complimentary" was written over the bill. The bottom of the guest receipt is handwritten and indicates the balance due as \$100.00, for which a check was received on December 9, 1993, from Jesus Sanchez, Kingdome Director.

Our review of the stadium's use log shows Executive Suite 28, the county suite, was used by Ogden on this same date.

This situation appears to violate policy Section 6.3 relating to a schedule of usage being maintained, and Section 7.4 relating to users being responsible for all catering expenses.

This also appears to violate the county Ethics Ordinance regarding conflicts of interest, which is codified as King County Code (KCC) 3.04.030. This situation also potentially violates the state constitution regarding a gift of public funds.

September 26, 1993:

Executive Suite 29 was used during a baseball game as evidenced by Ogden guest receipts. The guest receipts for this event totaled \$685. The master list indicates Suite 29 would be used by the stadium director and 13 guests. Suite 29 is not the county suite. No evidence of suite rental revenue was noted for Suite 29. The master list does not indicate who the guests were or with whom they were affiliated.

We noted three invitations were sent to individuals inviting them and their families to the baseball game. It is unclear if these invitations were for legitimate marketing purposes since no mention of marketing was made in the invitation.

From our review of the use log, Executive Suite 28, the county suite, was used by Ogden on this same date.

This appears to violate policy Section 6.2 relating to using the suite for marketing, Section 6.5 relating to the stadium paying the costs of catering relating to Kingdom staff in attendance, and Section 6.6 relating to a list of users expected to attend, and Section 7.4 relating to users being responsible for all catering expenses

December 5, 1993:

Suite 30 was used during a football game as evidenced by Ogden guest receipts. The confirmation letter to the business person did encourage them to consider leasing the suites in the future. However, the guest receipts were signed by the business person and the company affiliation was completed as "county." Ogden later invoiced the county for the catering in the amount of \$403.15, which was paid by the stadium.

Suite 30 is not the county suite. No suite rental revenue was received. Suite rental during football games is approximately \$3,500.

On the same date, Suite 28, the county suite, was being shared by Ogden and another King County hosted group. It was impossible to determine if this was for legitimate marketing purposes because of inadequate documentation.

This appears to violate policy Section 7.4 relating to users being responsible for all catering expenses

In reviewing the master list for executive suite use, we noted at least 13 other dates listing county council members or stadium advisory board members as being in attendance. It is unclear as to what marketing purposes were served as documented invitations do not mention any marketing activity and guest lists do not list all those in attendance or the reason for attendance. Accordingly, we cannot verify that usage on these dates was in compliance with policy Sections 6.2 and 6.6.

Arguably, some of these incidents could possibly be characterized as marketing the facility, however, the documentation available is insufficient to make this determination.

The following internal control weaknesses exist which allowed these incidents to occur.

The county lacks a clearly defined policy for marketing the executive suites. The county's

policy on use of the executive suite defines this as an area for showcasing the facility for marketing purposes. However, nowhere in the policy is "marketing" defined. The current policy also lacks clear definition of what constitutes "marketing," "allowable expenses," and "unallowable expenses."

Without clear guidance on what constitutes marketing, including what is and what is not allowable marketing expenditures, the use of the executive suite is subject to broad interpretations and abuse. County policies should address the differentiation between marketing and "promotional hosting," which is prohibited by the constitution.

The stadium director appears to have overridden internal control policy and procedures, the King County Code of Ethics, and potentially the state constitution, in the course of "marketing" the facility.

These internal control overrides have resulted in transactions for which supporting documentation is insufficient to determine if a legitimate marketing purpose was served, maintenance of verbal "quid pro quo" arrangements for suite usage which appear to be outside the context of the written contract, public officials possibly being in violation of an advisory opinion issued by the King County Board of Ethics on complimentary tickets, stadium administration paying for the catering of others, and the potential loss of suite rental revenue.

We recommend county officials consult with the King County Board of Ethics to revise current policy and procedures for executive suite usage which will comply with the county's Ethics Ordinance.

We also recommend these policies and procedures clearly define "marketing," "allowable expenditures," and "unallowable expenditures."